

April 15, 2003

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the third quarter of Fiscal Year 2003 ending March 31, 2003.

FISCAL MATTERS

<i>FY 2003 – THIRD QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 3,775,000	\$ 2,520,655	\$ 0	\$ 1,254,345
Employee Retire. (Employer)	151,000	96,212	0	54,788
State Retirement	389,600	258,182	0	131,418
Social Security	288,800	183,813	0	104,987
Contractual Services	475,000	345,755	106,129	23,116
Travel	50,600	13,626	0	36,974
Commodities	12,000	4,201	0	7,799
Printing	15,000	9,329	0	5,671
Equipment	10,000	8,762	0	1,238
EDP	25,000	12,449	5,638	6,913
Telecommunications	70,000	40,041	0	29,959
Oper. of Auto. Equip.	5,000	1,360	0	3,640
ROE Audits	701,800	333,060	270,231	98,509
Audits/Studies/Invest.*	<u>13,472,300</u>	<u>6,507,301</u>	<u>2,575,069</u>	<u>4,389,930</u>
TOTAL	<u>\$19,441,100</u>	<u>\$10,334,746</u>	<u>\$2,957,067</u>	<u>\$6,149,287</u>
*Audit Expense Fund				

PERSONNEL

<i>PERSONNEL</i>					
	<u>01-01-03</u>	<u>Appointments</u>	<u>Separations</u>	<u>Transfers</u>	<u>03-31-03</u>
Springfield	60	1	0	0	61
Chicago	<u>07</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>07</u>
TOTAL	<u>67</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>68</u>

CONTRACTS

During the third quarter of Fiscal Year 2003 the Office of the Auditor General entered into seven financial/compliance audit contracts.

TRAINING

Training for the third quarter of Fiscal Year 2003 included the New Employee Sponsor Program and Indexing and Referencing in the Performance Division. Additional external training that staff participated in includes the CISCO Router Security: What to Review During an Audit; Digital Trust Symposium; Earned Value Project Management; How Technology is Changing Business Records Management; Illinois Trustworthy Computing Series; Investment Fraud; Microsoft Government Seminar; Risk Based Auditing and IT Risk Assessment; Roundtable Discussion of CAATs; SAS 99 – Impact of the New Fraud Standard; and Using the GFOA Checklist to Implement the New Model.

PERFORMANCE AUDITS

<i>PERFORMANCE AUDITS IN PROGRESS</i>
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<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>
<ul style="list-style-type: none">• Compliance and Management Audit of Chicago's Airports (PA 89-386)	Unknown
<ul style="list-style-type: none">• Financial and Management Audit of the Teachers Academy for Mathematics and Science (H.R. 304)	Spring 2003
<ul style="list-style-type: none">• Management Audit: Illinois State Toll Highway Authority (SJR 72)	Spring 2003
<ul style="list-style-type: none">• Management Audit: Grade Crossing Protection Fund (LAC No. 123)	Fall 2003
<ul style="list-style-type: none">• Management Audit: Regulation of Grain Dealers and Administration of Grain Insurance Fund (LAC No. 125)	Fall 2003
<ul style="list-style-type: none">• Management Audit: DCMS' Administration of the State's Space Utilization Program (LAC No. 126)	Fall 2003
<ul style="list-style-type: none">• Financial, Compliance, and Program Audit: The Village of Robbins' Use of Municipal Economic Development Funds (PA 90-813)	Summer 2003

REGIONAL OFFICES OF EDUCATION AUDITS

Public Act 92-544, effective June 12, 2002, gave the Office of the Auditor General the responsibility for the conduct of annual audits of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State. Previously, these audits were the responsibility of the Illinois State Board of Education. There are 48 total audits to perform; 45 are of Regional Offices of Education and 3 are of Intermediate Service Centers. The Office of the Auditor General contracted with 11 public accounting firms to perform these audits, which began in July 2002. As of March 17, 2003, forty-four of the forty-eight audits have been released.

FINANCIAL & COMPLIANCE AUDITS

The following is a listing of financial and compliance audits for the period(s) ending June 30, 2002 and December 31, 2002. As the year progresses the “date released” column will be completed.

***FINANCIAL & COMPLIANCE AUDITS
FOR THE PERIOD(S) ENDING JUNE 30, 2002
AND DECEMBER 31, 2002***

F = Financial

C = Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Attorney General	x	x	03-11-03
Capital Development Board	x	x	03-13-03
Chicago State University			
Chicago State University Foundation	x		03-18-03
Comptroller – Fiscal Officer			
Comptroller – Non-Fiscal Officer			
Department on Aging		x	03-18-03
Department of Agriculture (DuQuoin Fair)			
Department of Agriculture (IL State Fair)			
Department of Central Management Services	x	x	03-13-03
Department of Central Management Services (Deferred Compensation Plan)			
Department of Children and Family Services			
Department of Commerce and Economic Opportunity			
Department of Corrections – General Office			
Dept.of Corrections, Correctional Center - <i>Big Muddy River</i>			
Dept. of Corrections, Correctional Center – <i>Centralia</i>			
Dept. of Corrections, Correctional Center – <i>Danville</i>			
Dept. of Corrections, Correctional Center – <i>Decatur Womens</i>			
Dept. of Corrections, Correctional Center – <i>Dixon</i>			
Dept. of Corrections, Correctional Center - <i>Dwight</i>			
Dept. of Corrections, Correctional Center – <i>East Moline</i>			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, Correctional Center – <i>Graham</i>			
Dept. of Corrections, Correctional Center – <i>Hill</i>			
Dept. of Corrections, Correctional Center - <i>IL River (Canton)</i>			
Dept. of Corrections, Correctional Center – <i>Jacksonville</i>			
Dept. of Corrections, Correctional Center – <i>Joliet</i>			
Dept. of Corrections, Correctional Center – <i>Lawrence</i>			
Dept. of Corrections, Correctional Center – <i>Lincoln</i>			
Dept. of Corrections, Correctional Center – <i>Logan</i>			
Dept. of Corrections, Correctional Center – <i>Menard</i>			
Dept. of Corrections, Correctional Center – <i>Pinckneyville</i>			
Dept. of Corrections, Correctional Center – <i>Pontiac</i>			
Dept. of Corrections, Correctional Center – <i>Robinson</i>			
Dept. of Corrections, Correctional Center – <i>Shawnee</i>			
Dept. of Corrections, Correctional Center – <i>Sheridan</i>			
Dept. of Corrections, Correctional Center – <i>Southwestern IL</i>			
Dept. of Corrections, Correctional Center – <i>Stateville</i>			
Dept. of Corrections, Correctional Center – <i>Tamms</i>			
Dept. of Corrections, Correctional Center – <i>Taylorville</i>			
Dept. of Corrections, Correctional Center – <i>Vandalia</i>			
Dept. of Corrections, Correctional Center – <i>Vienna</i>			
Dept. of Corrections, Correctional Center – <i>Western Illinois</i>			
Department of Corrections, Correctional Industries			
Dept. of Corrections, IL Youth Center – <i>Chicago</i>			
Dept. of Corrections, IL Youth Center – <i>Harrisburg</i>			
Dept. of Corrections, IL Youth Center – <i>Joliet</i>			
Dept. of Corrections, IL Youth Center – <i>Kewanee</i>			
Dept. of Corrections, IL Youth Center – <i>Murphysboro</i>			
Dept. of Corrections, IL Youth Center – <i>Pere Marquette</i>			
Dept. of Corrections, IL Youth Center – <i>St. Charles</i>			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, IL Youth Center – <i>Valley View</i>			
Dept. of Corrections, IL Youth Center – <i>Warrenville</i>			
Department of Employment Security	x		03-13-03
Department of Financial Institutions	x	x	02-25-03
Department of Human Services			
Department of the Lottery			
Department of Military Affairs			
Department of Natural Resources		x	03-27-03
Department of Public Aid			
Department of Revenue	x		03-13-03
Department of State Police		x	03-06-03
Department of Transportation			
Department of Veterans' Affairs – General Office			
Drycleaner Environmental Response Trust Fund Council		x	03-11-03
East St. Louis Financial Advisory Authority		x	03-11-03
Eastern Illinois University			
Eastern Illinois University Alumni Association			
Eastern Illinois University Foundation			
Environmental Protection Agency	x	x	03-20-03
EPA – Trust Fund Commission	x	x	03-20-03
General Assembly – Retirement Systems	x		01-15-03
General Assembly – Retirement System		x	03-18-03
Governors State University	x	x	03-04-03
Governors State University Alumni Association	x		02-27-03
Governors State University Foundation	x		02-27-03
Health Care Cost Containment Council		x	02-20-03
Historic Preservation Agency			
Illinois Community College Board	x	x	03-04-03
Illinois Conservation Foundation	x	x	03-27-03

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Illinois Development Finance Authority	x	x	03-04-03
Illinois Farm Development Authority			
Illinois Health Facilities Authority	x	x	02-25-03
Illinois Housing Development Authority			
Illinois Mathematics and Science Academy	x	x	03-06-03
Illinois Mathematics and Science Academy Fund	x		03-06-03
Illinois Medical District Commission		x	03-13-03
Illinois Petroleum Resources Board		x	02-20-03
Illinois Racing Board		x	02-20-03
Illinois Rural Bond Bank	x	x	03-20-03
Illinois State Board of Investment	x		01-15-03
Illinois State Board of Investment		x	03-04-03
Illinois State Toll Highway Authority			
Illinois State University	x	x	03-20-03
Illinois State University Foundation	x	x	03-20-03
Illinois Student Assistance Commission			
Illinois Student Assistance Commission Designated Account Purchase	x		03-06-03
Illinois Student Assistance Commission – Prepaid Tuition	x		03-06-03
Illinois Veterans’ Home – Anna		x	03-27-03
Illinois Veterans’ Home – LaSalle		x	03-04-03
Illinois Veterans’ Home – Manteno		x	03-04-03
Illinois Veterans’ Home – Quincy		x	03-04-03
Illinois Violence Prevention Authority		x	02-25-03
Industrial Commission – Self Insurer’s Fund	x		03-11-03
Joint Committee on Administrative Rules		x	02-25-03
Judges Retirement System	x		01-15-03
Judges Retirement System		x	03-18-03
Judicial Inquiry Board		x	02-25-03
Kankakee River Valley Area Airport Authority	x	x	02-20-03

FINANCIAL & COMPLIANCE AUDITS *(Continued)*

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Law Enforcement Training Standards Board		x	03-06-03
Legislative Information Systems		x	02-25-03
Liquor Control Commission		x	02-25-03
Northeastern Illinois University	x	x	03-04-03
Northeastern Illinois University Foundation	x		02-27-03
Northern Illinois University	x	x	02-25-03
Northern Illinois University Alumni Association	x	x	02-25-03
Northern Illinois University Foundation	x	x	02-25-03
Office of Banks and Real Estate		x	03-11-03
Pollution Control Board		x	02-20-03
Prairie State 2000 Authority	x		02-25-03
Prisoner Review Board		x	02-20-03
Property Tax Appeal Board		x	03-11-03
Secretary of State	x		03-13-03
Sex Offender Management Board		x	02-25-03
Southern IL University			
Southern IL University – Carbondale Alumni Association	x		02-27-03
Southern IL University – Carbondale Foundation	x		02-27-03
Southern IL University – Edwardsville Alumni Association	x		02-27-03
Southern IL University – Evergreen Terrace	x		02-27-03
Southern IL University – Edwardsville Foundation	x		02-27-03
Southern IL University – Physicians & Surgeons, Inc.	x		02-27-03
Southern IL University – University Park	x		02-27-03
Southwestern Illinois Development Authority			
State Appellate Defender			
State Board of Education			
State Employees’ Retirement System	x		01-15-03
State Employees’ Retirement System		x	03-18-03
State Fire Marshal			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
State Police Merit Board		x	02-20-03
State Universities Retirement System	x		01-15-03
State Universities Retirement System		x	03-18-03
State's Attorney's Appellate Prosecutor		x	02-20-03
Statewide Single Audit			
Teachers' Retirement System	x		01-15-03
Teachers' Retirement System		x	03-13-03
Treasurer – Bright Start College Savings Program	x		03-27-03
Treasurer – Fiscal Officer	x	x	03-27-03
Treasurer – Illinois Funds	x	x	03-27-03
University of Illinois	x	x	03-27-03
University of Illinois Alumni Association	x	x	02-27-03
University of Illinois Foundation	x	x	02-27-03
University of Illinois – Prairieland Energy, Inc.	x	x	03-27-03
University of Illinois – Research Park, LLC	x	x	03-27-03
University of Illinois – Ventures, LLC	x	x	03-27-03
University of Illinois – Wolcott, Wood & Taylor, Inc.	x	x	02-27-03
Western Illinois University	x	x	03-27-03
Western Illinois University Foundation		x	03-18-03

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial and compliance audit for the period ending June 30, 2002.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2003</i>	
•	Attorney General
•	Comptroller
•	Department on Aging
•	Department of Central Management Services – BCCS 3 rd Party Review
•	Department of Children and Family Services
•	Department of Commerce and Economic Opportunity
•	Department of Corrections
•	Department of State Police
•	Environmental Protection Agency
•	Financial Institutions
•	Illinois Liquor Control Commission
•	Illinois State Board of Investment
•	Illinois State University
•	Northern Illinois University
•	Office of Banks and Real Estate
•	Southern Illinois University
•	State Board of Education
•	Teachers' Retirement System
•	University of Illinois

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the third quarter of Fiscal Year 2003 and it contains forty-eight filings with this Office.

CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive prior to January 1, 1992. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the third quarter of Fiscal Year 2003, the Auditor General did not receive any new contractual services certifications.

Copies of certifications received in previous quarters are on file in our Office.

Yours truly,

WILLIAM G. HOLLAND
Auditor General